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Control 453076
EIC-M-42

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 2125, Temporary "M" Building
26th Street and Constitution Avenue, N. W.

20 January 1954

PRESENT

Dr. Otto E. Guthe, CIA, Chairman
[redacted], CIA, Vice Chairman
Colonel William C. Baird, Air Force
Colonel Lyman Bothwell, Army
Mr. Bennett Davis, Navy
Mr. John Easton, JCS
Mr. Kingsley Hamilton, Air Force
Mr. Duncan Holmes, Army
Commander Burns Spore, Navy
Mr. Philip Trezise, State
CIA

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[redacted], EIC, Executive Secretary

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APPROVAL OF MINUTES

1. Action: The minutes of the EIC meeting of 17 December 1954 (EIC-M-41) were approved with the following changes:

Page 3, paragraph 6 -

- a. line 3, replacement of the words "and ERS listings of research" by "and other listings of economic research." and
- b. the deletion of the last two sentences in the paragraph.

RECONSIDERATION OF NEED FOR AN EIC WORKING GROUP ON SOVIET GUIDED MISSILES PRODUCTION (Requested by Air Force Representative)

2. Discussion: Colonel Baird presented his memo of 13 January 1955, "Proposed Guided Missile Subcommittee." Since he understood that his proposal to have ORR associate itself formally with the AFOIN group in the field was not considered by the Chairman to be an acceptable EIC solution, he proposed that the EIC consider

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his second alternative - i.e., to establish an EIC working group on a six-month experimental basis. Dr. Guthe suggested the desirability of having the group report directly to the EIC while maintaining liaison with the EIC subcommittees on Armaments and on Electronics and Telecommunications, rather than making it responsible to these two different groups; and Colonel Baird accepted this amendment to his proposal. [REDACTED] distributed a brief TS paper, justifying the need for increased community investigation of the possible extent of Soviet guided missiles production; and [REDACTED] Chief of the Economic Area of ORR, explained in somewhat greater detail the specific activities which he felt could be undertaken at this time by a working group assigned specifically to the study of Soviet production indications. The State Department representative and the G-2 representatives then expressed themselves in favor of proceeding with the establishment of the group. ONI and JCS representatives, however, wished to check further before taking definite agency positions.

3. Action: The EIC agreed to withhold action pending word from the ONI and JCS representatives. (Within 24 hours these two agencies also concurred in the establishment of an EIC Working Group on Soviet Guided Missiles Production, on a six-month trial basis, with the understanding that specific terms of reference to guide the studies of this group would be reviewed by the EIC members at an early date. Mr. [REDACTED] Code 143, Ext. 3835, of ORR has been designated to serve as Executive Secretary for the Group and has been requested to call an initial meeting to draft proposed terms of reference as soon as nominations have been received from the various IAC agencies.)

PROPOSED EIC SUBCOMMITTEE OR WORKING GROUP ON SHIPBUILDING

4. Action: The ONI representative reported dispatch to the Secretariat of a paper outlining ONI's reasons for suggesting a subcommittee rather than a working group in this field, together with proposed terms of reference. The Executive Secretary was asked to distribute this material to the members for early action.

SEMIANNUAL PROGRESS REPORT OF THE SECRETARIAT TO THE EIC REPRESENTATIVES

5. The Chairman briefly recapitulated principal EIC production and special activities for the latter half of calendar year 1954. The following points were specifically discussed as the Committee considered various items in the report.

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PROGRESS REPORT ON EIC-P-6 25X1A9a

6. Discussion: [REDACTED], as Executive Secretary for the EIC-P-6 Working Group, reported that the prospective date of completion had been delayed by late submissions of contributions. He indicated that the Working Group had been considering certain possible changes in the agreed approach to this study, but that it would be premature for the EIC to consider the issues involved until the Working Group had had an opportunity for their further exploration.

EXTENT OF SUBCOMMITTEES AGREEMENTS OF PRINCIPAL BASIC STATISTICS

7. Discussion: The Secretariat reported the difficulties and objections encountered in following up the EIC's instruction of 23 September 1954 (EIC-M-38) as incorporated in the Secretariat memorandum EIC-D-81, dated 11 October 1954. Many individuals, both from ORR and from the other agencies, had mistakenly considered this a desire to force agreement to use of common statistics, whether or not the position of the separate agencies was genuinely reconciled. The members re-emphasized that - on a highly selective basis - the subcommittees should:

a. decide which were the principal basic statistics most frequently needed for use in National Estimates or for other priority purposes;

b. ascertain the extent of community agreement or disagreement on such figures, examine the reasons for differences in estimates, and explore the possibilities of reconciling or of at least decreasing the range of differences among agencies working on the problem; and

c. record in their subcommittee files those basic figures to which the members agreed - together with the extent of disagreement on other basic estimates - and notify the EIC Secretariat accordingly.

8. The Secretariat had stressed to the subcommittees that the appropriateness of further action (in addition to the above) to resolve major differences in estimates within the economic intelligence community was an issue for the subcommittees, themselves, to decide. It was hoped that mere awareness of the most important differences in principal statistical estimates would lead in many cases to revisions of estimates which would progressively narrow the range of such differences.

9. Action: Each individual EIC representative undertook to further discuss this assignment with his own subcommittee representatives, and to request the latter to cooperate actively in measures to implement the EIC's standing instructions.

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COORDINATION OF EXTERNAL RESEARCH PROJECTS

10. Discussion: Dr. Guthe reported that only a single external research project over \$5,000 had been presented for EIC review since approval of DCID 15/1 on 14 September 1954. This was a [redacted] project on East Germany. He expressed embarrassment that another CIA-sponsored project by [redacted] "Comparative Economic Development in India and China," had been approved on 16 December 1954. This had been coordinated with other agencies by the Office of the DCI - but through an oversight it had not been submitted for EIC review. The EIC procedure for review of such external research projects had been approved only recently and had not yet been incorporated in standing CIA office instructions. Dr. Guthe further noted that steps were being taken within CIA to prevent a recurrence of this slip. Several other representatives present then expressed their own concern lest certain external research projects falling under DCID 15/1 might similarly be negotiated by other parts of their agencies without coming to the EIC members' attention - and they indicated they also were taking steps to call the DCID 15/1 requirement for EIC review to the attention of their agency's officers responsible for arranging external research contracts.

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SUBCOMMITTEE REVIEW OF SUBSTANTIVE PAPERS

11. Discussion: The Secretariat reported extreme unevenness in the subcommittees' responses to the EIC's repeated instruction to devote more attention to the review of substantive papers. Of 14 papers reviewed, 10 were reviewed by two subcommittees (Population, and Electronics and Telecommunications), while half the subcommittees reported no consideration of substantive intelligence papers at all.

12. Action: Following the suggestion of Commander Spore, the Secretariat was instructed to request all substantive subcommittees, except Population, and Electronics and Telecommunications, to place the item, "Review of Substantive Papers," on the agendas of their next meetings, and to lay plans for a more effective future compliance with the EIC's standing request.

PROGRESS IN FILLING PRIORITY GAPS IN RESEARCH

13. Discussion: Several of the representatives tabled minor amendments to the draft report which had been circulated by the Secretariat. The Chairman and the Executive Secretary called attention to certain further developments in the status of individual surveys, as follows:

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a. Chemicals - This Subcommittee has now called its first formal meeting in over a year (on 2 February 1955) to consider issues arising from the Secretariat's report on "Progress on Filling of Research Deficiencies."

b. Electronics and Telecommunications - EIC approval of this survey had differed from other EIC approvals, in that it did not recommend individual agency responsibilities for filling listed gaps. The Subcommittee is being asked to review its year-old survey of research deficiencies at this time, with a view to suggesting appropriate agency responsibilities for filling revised priority gaps.

c. Petroleum - The Secretariat reported the discussions currently underway, in the Subcommittee on Petroleum, in connection with the first priority gap listed, i.e., "Peacetime Military Petroleum Consumption in the Soviet Bloc." Colonel Baird has asked the Air Force office responsible for such estimates if they would be prepared to furnish the necessary estimates of Soviet Air Force petroleum consumption. The other service representatives are also in close touch with their representatives on the Petroleum Subcommittee which will seek to reach a solution to the problem at its meeting on 25 January 1955. Dr. Guthe reported that as Chairman of the EIC he was in receipt of a letter from the Economic Area of ORR detailing its need for peacetime military consumption of petroleum in the Soviet Bloc in order to discharge its responsibility for over-all estimates of Soviet petroleum supply (see par. 14, below, "Action")

d. Transportation - Dr. Guthe noted that ORR had so far been unable to program the several studies of Soviet rail traffic contemplated by this survey. The extra work which had been required for very detailed analysis of Trans-Sib line traffic, plus the pressure of other urgent demands on ORR staffs, had not permitted the scheduling of systematic traffic analyses for the other lines.

14. Action: The Secretariat was asked to incorporate the additional information brought out into a revised report on "Progress on Filling Research Deficiencies" to be distributed in format for insertion in the binders for the "Surveys of Priority Research and Collection Deficiencies." As regards the special problem of filling the priority research gap represented by lack of available Soviet peacetime military consumption of petroleum - the EIC "noted" the current discussions going on in its Subcommittee on Petroleum, and individual members will follow this action closely.

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ANNOUNCEMENT OF NEW MEMBERS

15. The Committee noted the new members of the EIC and its sub-committees, a list of whom had been distributed prior to the meeting.

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Executive Secretary
Economic Intelligence Committee

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